

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04

OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

AGR-10 FEA-01 /125 W

----- 088760

P R 170615Z JUL 75

FM AMEMBASSY TOKYO

TO SECSTATE WASXC PRIORITY 1674

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS SECTION 1 OF 2 TOKYO 9622

DEPT. PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652:N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN JUNE - PROVISIONAL

1. SUMMARY: STANGNANT IMPORTS AND SMALLER DEFICIT IN SERVICES AND TRANSFERS PAYMENTS BROUGHTS JAPAN'S CURRENT ACCOUNT AND BASIC BALANCE BACK INTO SURPLUS IN JUNE. JUNE OVERALL BALANCE REMAINED IN DEFICIT DUE TO LARGE NET OUT-FLOW IN NON-MONETARY SHOT-TERM CAPITAL AND ERROS AND UNCLASSIFIED

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OMISSIONS. END SUMMARY.

2. MOF OFFICIAL NOTED THAT \$490 MIL DEFICIT IN SERVICES AND TRANSFERS IN JUNE WAS \$43 MIL DROP IN DEFICIT RELATIVE

TO PRIOR MONTH AND SMALLER THAN DEFICIT IN USUAL MONTH. OFFICIAL SAID REDUCED DEFICIT REFLECTS SMALLER PAYMENTS FOR TRANSPORTATION DUE TO STAGNANT IMPORTS.

3. THE LONG-TERM CAPITAL ACCOUNT REGISTERED \$160 MIL NET INFLOW IN JUNE. MOF SOURCES SAID INCREASE IN INVESTMENT INTO JAPANESE STOCKS BY NON-RESIDENTS HAS SLOWED DOWN IN JUNE, THE FOREIGN BUYING OF JAPANESE BONDS REMAINED HIGH, RECORDING NET INFLOWS OF \$50 MIL AND \$140 MIL, RESPECTIVELY. BOND ISSUES ABROAD BY JAPANESE ENTERPRISES STAYED BRISK, TOTALING \$130 MIL IN JUNE. ON THE OTHER HAND, OUTFLOWS OF JAPANESE CAPITAL STAYED AT THE NORMAL MONTHLY LEVEL.

4. IN JUNE NON-MONETARY SHORT-TERM CAPITAL AND ERRORS AND OMISSIONS RECORDED LARGE DEFICIT OF \$470 MIL. MOF SAID THIS WAS MAINLY DUE TO USUAL SEASONAL UPSWING IN PAYMENTS BY JAPANESE TRADING FIRMS TO THEIR OVERSEAS BRANCHES.

5. ON SEASONALLY ADJUSTED BASIS, TRADE SURPLUS INCREASED \$215 MIL TO REACH \$702 MIL LEVEL. EXPORTS (F.O.B.) INCREASED \$21 MIL (0.5 PERCENT). HOWEVER, IMPORTS (F.O.B.) DROPPED \$194 MIL (4.9 PERCENT).

6. FOR THE ENTIRE SECOND QUARTER OF 1975, JAPAN'S SEASONALLY ADJUSTED EXPORTS (F.O.B.) TOTALED \$13,639 MIL, A 7.0 PERCENT DROP FROM \$14,672 MIL RECORDED IN THE FIRST QUARTER. SEASONALLY ADJUSTED IMPORTS DURING APRIL-JUNE WERE \$11,629 MIL, 8.3 PERCENT LESS THAN \$12,682 MIL DURING JAN-MARCH 1975. AS RESULT, SEASONALLY ADJUSTED TRADE SURPLUS IN THE SECOND QUARTER LITTLE CHANGED FROM THE LEVEL OF THE FIRST QUARTER. SURPLUS IN CURRENT BALANCE DURING THE SECOND QUARTER WAS SOMEWHAT LARGER THAN IN THE PREVIOUS QUARTER BECAUSE OF SMALLER DEFICIT IN SERVICES AND TRANSFERS PAYMENTS.

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7. JUNE DEFICIT IN OVERALL BALANCE OF \$290 MIL WAS FINANCED BY INCREASE IN COMMERCIAL BANKS' SHORT-TERM NET POSITION OF \$410 MIL. AS RESULT, OFFICIAL SETTLEMENTS BALANCE RECORDED SURPLUS OF \$120 MIL. PUBLISHED OFFICIAL RESERVES INCREASED \$47 MIL FROM MAY LEVEL TO \$14,604 MIL. GOLD AND FOREIGN EXCHANGE TOTALED \$13,236 MIL, GOLD TRANCHE \$823 MIL, AND SDR'S \$545 MIL.

8. FOLLOWING ARE PRELIMINARY MOF DATA ON JUNE BALANCE OF PAYMENTS IN MIL DOLLARS (IMF BASIS, NOT SEASONALLY ADJUSTED). AMOUNTS ARE PLUS (I.E. RECEIPTS) UNLESS SHOWN AS QTE MINUS.

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OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01 CEA-01 STR-04

AGR-10 FEA-01 /125 W

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P R 170615Z JUL 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1675

INFO AMEMBASSY BERN

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AMEMBASSY BRUSSELS

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AMCONSL HONG KONG

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	JUNE	MAY		
	PROVISIONAL	REVISED	INCREASE	
(1) CURRENT BALANCE	20	MIN 552	572	
TRADE BALANCE	510	MIN 19	529	
EXPORTS	4,400	4,304	96	
IMPORTS	MIN 3,890	MIN 4,323	433	
SERVICES AND				
TRANSFERS	MIN 490	MIN 533	43	
(2) LONG-TERM				
CAPITAL	160	150	10	

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(3) BASIC BALANCE 180 MIN 402 582

(4) NON-MONETARY SHORT-
TERM CAPITAL AND

ERRORS AND OMIS-

SIONS COMBINED	MIN	470	11	MIN	481
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(5) OVERALL BALANCE	MIN	290	MIN	391	101
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(6) COMMERCIAL BANKS'

SHORT-TERM NET

POSITION	410	103	307
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(7) OFFICIAL SETTLE-

MENTS BALANCE	120	MIN	288	408
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9. SEASONALLY ADJUSTED TRADE DATA (IMF BASIS) AS FOLLOWS:

	JUNE PROVISIONAL	MAY REVISED	INCR INCREASE
EXPORTS	4,437	4,416	21
IMPORTS	MIN 3,735	MIN 3,929	194
BALANCE	702	487	215

10. FOLLOWING ARE QUARTERLY FIGURES ON JAPAN'S BALANCE OF PAYMENTS IN MIL DOLLARS (IMF BASIS) AND MONTHLY AVERAGE OF QUANTUM INDICES (1970-100) OF LAST THREE QUARTERS. QUANTUM INDICES (ITEM 6) FOR THE SECOND QUARTER OF 1975 SHOW MONTHLY AVERAGE OF TWO MONTHS (APRIL AND MAY) SINCE JUNE QUANTUM INDICES HAVE NOT BEEN RELEASED YET BY MOF.

	1974 IV	1975 I	1975 II
(1) EXPORTS (SA)	15,028	14,672	13,639
(2) IMPORTS (SA)	MIN 13,577	MIN 12,682	MIN 11,629
(3) TRADE BALANCE (SA)	1,451	1,990	2,010
(4) SERVICES AND TRANS- FERS (NSA)	MIN 1,483	MIN 1,611	MIN 1,475
(5) CURRENT BALANCE (3PLUS4)	MIN 32	379	535

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(6) QUANTUM INDICES (SA)

EXPORTS	164.8	157.8	155.5
IMPORTS	132.2	122.5	118.5

11. NOTE: RATES OF EXCHANGE USED BY MOF TO CONVERT TO DOLLAR BASIS WERE 293.33 YEN PER DOLLAR FOR JUNE 1975 AND 291.57 YEN PER DOLLAR FOR MAY 1975.

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HONG KONG
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ROME
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